

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 534 – SB 1221

March 9, 2017

SUMMARY OF ORIGINAL BILL: Changes, from July 25 to July 20, the deadline for a person who operates a motor vehicle in this state that is propelled by liquefied gas or compressed natural gas to submit to the Department of Revenue an annual report with certain travel information and to remit the liquefied gas and compressed natural gas user taxes due.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004842): Deletes all language after the enacting clause. Requires, beginning in FY18-19 and annually thereafter, that 90 percent of sales tax revenue from the sale of new or used motor vehicles that is currently allocated to the General Fund to be annually allocated as follows: 64 percent to the Highway Fund, 24 percent to counties, and 12 percent to municipalities.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

\$215,000,000/FY18-19 and Subsequent Years/Highway Fund

Decrease State Revenue –

\$335,937,400/FY18-19 and Subsequent Years/General Fund

Increase Local Revenue – \$120,937,400/FY18-19 and Subsequent Years

Assumptions for the bill as amended:

- The first year impacted by this bill as amended will be FY18-19.
- It is estimated that total state sales and use tax revenue to the General Fund from the sale and use of new or used motor vehicles is approximately \$373,263,723 per year.
- A recurring decrease in state revenue to the General Fund of \$335,937,351 (\$373,263,723 x 90.0%), beginning in FY18-19.

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- A recurring increase in revenue to the Highway Fund of \$214,999,905 ($\$335,937,351 \times 64.0\%$), beginning in FY18-19.
- A recurring increase in revenue to counties of \$80,624,964 ($\$335,937,351 \times 24.0\%$) and a recurring increase in revenue to municipalities of \$40,312,482 ($\$335,937,351 \times 12.0\%$), for a total recurring increase in local government revenue of \$120,937,446 ($\$80,624,964 + \$40,312,482$), beginning in FY18-19.
- Due to a rounding affect that would otherwise prevent the posture of the fiscal note from correctly being revenue neutral, the recurring increase in state revenue to the Highway Fund has been rounded from \$214,999,905 to \$215,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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